City of San Jose

Former San Jose Medical Center Site

Land Use – Health Care Study

Stakeholder Advisory Committee Meeting
200 East Santa Clara Street, Combined Rooms W118 and, W119
(San Jose City Hall, Council Wing)
Wednesday, January 17, 2007
6:00 – 8:00 p.m.

DRAFT MEETING NOTES

Committee Members: Bob Brownstein, Bob Hines, George Chavez, Roz Dean, Gary Schoennauer, Nancy Hickey, Dennis Hickey, Les Levitt, Jim Murphy, Julia Ostrowski, Patti Phillips, Joe Pambianco, Paula Velsey, Ernie Wallerstein

Planning Staff: Jeannie Hamilton, Cesario Rodriguez

Consultants: Henry Zaretsky and Terry Bottomley

Facilitator: Kip Harkness

A. Welcome and Introductions

1. Kip Harkness explained the function of the voting triangles:
   Green = Agreement; Red = Disagreement; Yellow = Neutral

B. Review and Discussion of Concept Scenarios

1. Terry Bottomley explained the existing land uses on SJMC site and associated General Plan land use issues with reuse of the site. The issues to address include:
   - The amount of open space, residential, and commercial uses that are suitable for the site; and
   - The urban form of future development on the site; and
   - Demand for hospital and health care in the area and alternative sites; and
   - Reserving land for relocating Fire Station #8.

2. Mr. Bottomley also discussed the evaluation criteria for land use concepts, which include the following:
   - Respond to health care needs of the area
   - Support the Santa Clara Street Neighborhood Business District
   - Create value for the property owner

3. Concept #1 – All Hospital/Health Care Facility: This concept represents the General Plan status quo, but the site has a health care facility with infill single-family dwellings on the parking lot north of the site.

   Advantages:
   - An anchor for various medically oriented uses nearby.
   - Location relative to transit service and neighborhood access; reduces vehicle trips.

   Disadvantage:
   - Disrupts the neighborhood commercial/office retail street frontage along Santa Clara Street.
   - Could affect existing single-family neighborhood north of the site.
   - Such facility would not take advantage of open space opportunities adjacent to Coyote Creek.
   - Could block access to the north of the neighborhood as well as block access between residential neighborhoods.

Dr. Henry Zaretsky stated that, because SJMC closed, it left a gap in terms of hospital service and emergency room service in the area. Other medical uses in the area are not as busy as they were before the hospital closed. He believes that 10-acres is not sufficient for a full-service hospital regardless of the demand. His report identified that there will be a hospital bed shortage in the next ten years serving the downtown area, but that part of that demand will be filled by Valley Medical and Regional Medical planned expansions. If demand is still not filled, then there may be demand for a small to moderate sized hospital on this site, but it depends on the actions taken by other hospitals in the area.

Round table discussion:

Dennis Hickey stated that the strategic question to address is the timeframe to which we may be constraining ourselves. There may not be a demand for a hospital that occupies a 10-acre site now, but with the anticipated growth Downtown, there will be a need in the future for a hospital on the site.

Terry Bottomley stated that the recommendations made by this committee are General Plan recommendations. He asked what the General Plan horizon is.

Jeannie Hamilton stated that the current General Plan is the 2020 timeframe; so the timeframe for recommendations of this committee would be based on a 15-20 year timeframe.

Bob Hines asked if hospitals in the area are expanding and questioned what that meant in terms of economic viability of a hospital since there is demand to trigger hospital expansions.

Dr. Zaretsky stated that by mid or late next decade there would be a 200-bed shortage serving the downtown area. The hospital that existed on the SJMC site was only 1/3 occupied, and that was not economically feasible. No hospitals came forward to take over the hospital. Payer mix was heavily Medicare and not many private patients.

Bob Hines asked if there are any incentives available for a new hospital on the site.

Dr. Zaretsky stated that one possibility is if the middle class grows in the immediate area, the second possibility is if the Governor's proposal for universal healthcare succeeds, then there will be fewer uninsured people.

Jim Murphy clarified that no expansion is planned at Valley Medical nor is there an increase in beds. He would be shocked to see that O'Connor is increasing beds. He explained that currently they are just dealing with seismic requirements. There is no money for new beds. They are not expanding the licensed bed capacity.

Dr. Zaretsky asked whether there will be expansions of the usable capacity, and Mr. Murphy stated that they are attempting to do so, but it is a function of 15-30 beds, not 200.

Joe Pambianco asked if population or payer mix was more attractive, whether the demographics change over the next several years would make a hospital on this site more economically viable, and whether there would there be an interest for hospitals to expand.

Mr. Murphy stated that there is growth coming that could result in a more favorable payer mix, but the issue is that it is not there today nor would anyone come forward to invest today. The question is what needs are unmet today, what is possible today and in parallel, whatever plan is created for the site, can the City come up with the land at the point where it becomes viable for a health care provider to come in. He stated that the environment is not right for it. In addition, Regional Medical is creating a problem because is not accepting Medicare patients and those patients are going to Valley Medical Center and O'Connor. That is not financially healthy for either hospital's interest today, so while a facility exists it is an underutilized facility in that beds that are available for care are not being provided to patients of low income. It puts a strain on Valley Medical and O'Connor, so therefore, these facilities are not looking at any expansion. Rules of engagement if a facility is built: who will they serve and what is their policy on low income and uninsured.

Ernie Wallerstein stated that when payer mix is there, the market would provide a hospital regardless of whether land is available; a hospital at this time does not seem feasible. Other mix of uses seems more practical.

Gary Schoennauer stated that looking at growth projections he sees that there is a lot more growth outside of Downtown; Regional Medical serves the majority of Downtown. He stated that we need to look at broader population projections; what is the size of the site needed to accommodate a hospital, and can we define the need for hospital and then translate it to acreage.

Dr. Zaretsky stated that a general hospital must have 24-hour emergency available to the community and that a moderately sized basic primary community hospital has 150+ beds. Looking at this site, there needs to be the ability to grow out, not up. However, 10 acres is huge. We also need to keep in mind that Kaiser does draw a significant number of patients in the area.

Mr. Pambianco stated that there is a great deal of sympathy if there is a need for medical care. He will accept a hospital but understands that a small hospital might have a difficult time competing. In the picture of long dormant space, waiting for a hospital is not an appealing vision, and the idea of decades of non-use is unattractive for the neighborhood.

Mr. Bottomley stated that SF hospitals, i.e. Pacific Medical Center are next to very expensive homes, and they exemplify that hospitals can be good neighbors. However, helipads and trauma centers maybe a different matter.

Mr. Pambianco stated that by the neighborhoods standard, a medical facility is not meaningful if it does not serve the community's medical needs.

Julia Ostrowski stated that the committee needs to focus back on medical needs; if the site is not feasible for the hospital then there is a need to find out where is it feasible and if it is not feasible now, how it can be made feasible.

Les Levitt supported the land use concept and the idea of retaining the existing General Plan designation. The Public-Quasi Public (PQP) designation is a special category because it is not another private developable piece of land. The site has always been public domain and has strong ties to its past public use of the site. He believes there is a need to bring these concepts back to his organization before coming back.

Nancy Hickey agreed with Mr. Levitt on behalf of University Neighborhoods Coalition. She stated that the committee must first clearly identify other sites before recommending any changes to the site. Paula Velsey expressed her agreement with Ms. Ostrowski, Mr. Levitt, and Ms. Hickey.

Roz Dean stated that the Coalition for a Downtown Hospital (Coalition) is not asking for all 10 acres. She stated that the healthcare system is rapidly changing in the country in terms of technology and the government's reaction to healthcare and insurance. If changes are made to healthcare coverage (Medicare and Medi-cal) so that the payments are better, then that will change the payer mix in terms of other hospitals wanting to come into the area. She also agreed with Mr. Levitt and Ms. Hickey.
She stated that there is a need to explore the possibilities of a clinic, and that Gardner is willing to come in and operate a clinic on the site. She stated that the position of the Coalition is to retain 5 acres plus or minus for a medical facility.

Bob Brownstein agreed that site is a special community asset, that there will be substantial hurdles for an organization to find another site in the Downtown area for a hospital in the future. He stated that it is not wise to lose this asset. He stated that Dr. Zaretsky should help understand the type of facilities options that exist out there in terms of spatial needs and capacity. What would be the functions of a hospital 30 years from now? What are the options if demand changes? He wanted the committee to maximize and preserve the options. He believed that the committee should maximize two goals: 1) development of medical facilities in the Downtown; and 2) Do something that is community friendly and meets neighborhood needs. He believes that these should be the criteria when looking at the land use concepts. If there are concepts that can accomplish both, then retaining the entire site (Concept 1) is not necessary.

Patty Phillips stated that she is in agreement with the neighborhood in that she does not want to lose the concept of a hospital on the site.

4. Concept #2 – Mr. Bottomley presented Concept #2 – This concept shows a split north-south configuration where the northern part is a Continuing Care Retirement Community (CCRC) and he southern portion of the site is developed with medical hospital facility that occupies approximately 5 acres of the site. The concept includes pedestrian access through the site connecting North 15th and North 16th Streets.

   Advantages:
   - Same as #1
   - Synergy between CCRC & hospital
   - CCRC are generally quiet, have low traffic generation, and can accommodate more density than condos and apartments but with less impacts

   Disadvantages:
   - May be an abrupt change in scale
   - Potential transition problems between CCRC and hospital facility
   - There may be some redundancy in services between the two services
   - Must demolish all buildings in order to complete either one

Dr. Zaretsky stated that it seems like there is very little interest in CCRC; co-locating CCRC and hospital is a good synergy for CCRC, but it may not help to create a viable economic environment for a hospital.

Ms. Phillips asked whether there are incentives to get this concept built and the incentives for the neighborhood.

Ms. Dean stated that when the city did a Request For Proposal that there was interest for a CCRC on the entire site.

Mr. Wallerstein stated that if the population grew in the area it would make it attractive to establish a clinic here. 1/3 of the site would be plenty for a clinic.

Mr. Schoennauer stated that a CCRC is not the best land use on this site because it does not connect the neighborhood back to Santa Clara Street. Furthermore, the CCRC is a land use that does not create synergies to complement the surrounding single-family neighborhood and the community.

George Chavez commented that the fire station location is better across the street on the west side of 13th Street on the vacant parking lot.

Mr. Murphy expressed a strong interest in a CCRC and stated that it can be very good neighbor. There can be high density independent living for seniors and that it could support a larger number of med/rehab services in the neighborhood. He stated that the question goes back to whether it would serve the needs to the larger community because the medical services it draws would be specific to the CCRC facility.

Mr. Pambianco stated that the site configuration is fine, but there are already many senior facilities in the area. He believes there are other uses that would be a better fit the site and better serve the neighborhood.

Ms. Ostrowski agreed with the previous statement. She asked how Concept #2 would benefit the neighborhood. What are the impacts of an additional 600 residents on the site? Is it able to attract new business? She was concerned about gentrification through new development. She stated that if the facility serves senior citizens of the same community then there would be less impact.

Mr. Pambianco asked for a map of calls for service from Fire Station #8. He asked whether the station is serving the north or east. He wanted to see additional data to better identify a location. He stated the need to look at smart design so that it minimizes impacts to neighborhood i.e. no need to back out onto the street, minimize lighting and noise impacts, etc. Future development on the site should be well integrated and create an active, vibrant environment for neighborhood interaction.

Mr. Levitt stated that there is evidence showing that a CCRC is in demand; response to proposals submitted includes interest in provision of service to all income levels. He stated that the committee should not be too restrictive in limiting the future demographics on the site. Concept 2 would have least negative impacts such as traffic and noise.

Ms. Hickey agreed with Mr. Levitt for the idea of not being too restrictive of land uses on the site. She was concerned that new fire station would be too close to Fire Station #1, and suggested moving it further east and use location on N. 13th Street for parking. Ms. Velsey agreed with the neighborhood representatives.

Ms. Dean stated that the concept is agreeable, but it depends on what is practical and feasible to do. She stated that there was a CCRC entity interested in the site and indicated that looking at specifics of the fire station will depend on more information needed from Dr. Zaretsky. She suggested reviewing all of the land use concepts and then coming back to discuss them individually. Ms. Velsey added that the configurations of the site are not limited to what is shown on the conceptual diagrams.

Mr. Brownstein asked whether the committee is giving up medical opportunities by limiting its medical uses to only 5 acres. He believes that a CCRC has some advantages. An aging population is creating a demand for senior housing; 2/3 of residents in senior housing are independent. What is attractive about the facility is its potential for subsidy. Greystone is interested in San Jose because of partnership between the CCRC and Hospital.

Ms. Dean indicated that need for more health care information in order to look at land use.

C. Decision Making Process/ Work Plan:

Mr. Harkness announced moving the discussion of land use concepts to the next meeting and began discussion of the Draft Decision Making Process. Whether or not a given set of proposed recommendations meets the three criteria can be evaluated in two ways:

1) Outside expert analysis; the land use and health care consultants will provide an expert opinion on how well any particular set of recommendations meets the three criteria.
2) Consensus agreement - The Committee itself is composed of members who are representative of all three interests outlined above; Health Care, Neighborhoods and Businesses, and Property Owner. To the extent that the Committee can come to agreement on a set of recommendations in a manner that takes into account all three perspectives this is also the basis for a successful agreement.

Ms Velsey asked whether HCA would have veto power since they are the property owner.

Mr. Harkness explained that the default is that nothing happens and General Plan remains PQP. HCA has strong incentive to see development occur on the site to create value.

Mr. Brownstein prefers to see that the committee's work is based on a consensus, but consensus is only possible if all parties involved are flexible, but at this point he doesn't believe the property owner has an incentive to be flexible.

Ms. Velsey indicated that the committee would want to see examples of a small hospital and understand how much land one must set aside land for a clinic.

Ms. Dean stated that Mr. Levitt raised work plan issues at a previous meeting that were supposed to be agendized. She asked whether those issues are being addressed. Mr. Harkness stated that those issues, such as the decision making framework and how the SAC will make decisions, are being addressed in the draft work plan.

Mr. Pambianco was concerned that there is a lot of time invested on coming up with a recommendation that is not reality based and would be wasting time. He wanted to see some balance of power.

Mr. Harkness stated that he believes that the neighborhood group and community would be best served by coming up with a viable option and without including property owner, a consensus would be difficult to reach.

Ms. Dean stated that the committee members volunteered to find something viable through the process, and she believes that honesty is important in coming to a decision. She feels that at this point there is not enough information and was concerned that HCA has indicated that they would not sell to a hospital. Since the various positions of the stakeholders do not seem to fit together, she stated that people must be willing to compromise. Ms. Dean also asked about the status of the contracts between HCA and the consultants.

Mr. Schoennauer stated that contracts are now acceptable with all parties. He explained that it took a lot of time because it had to be coordinated with HCA, City staff, consultants and attorneys so all parties are in agreement.

Mr. Harkness discussed creating optional workshops to look at issues and concerns that do not necessarily fit in agendas of the regular SAC meetings.

D. Public Comment:

Eric G.: neighbor of Julia and Joe, representing JJ&A. Lives a block from the hospital. He supports the idea of a CCRC/Senior Housing or mix thereof because it supports a few items. People in the neighborhood have lived there and held on to properties for many years and for various reasons they don't want to send their elderly elsewhere. The site could support continuing care, a clinic and commercial grocery store. We can have small and medium sized mixed use retail projects that complement the neighborhood.

Raymundo Espinoza: representing Gardner Community Center, one of the applicants of the RFP process. Reminded the committee that whatever is built must serve applicants serve all the community. Just because there is insurance doesn't mean there is access. There have been a number of neighborhood planning processes that provide information on the future use of the site. There are other sources of information such as the City's neighborhood plans, United Way, and the County.

Next meeting:
Wednesday, February 21, 2007

Meeting Adjourned.